

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6341

BILL NUMBER: SB 113

NOTE PREPARED: Jan 29, 2004

BILL AMENDED: Jan 27, 2004

SUBJECT: Distribution of Unused Drugs.

FIRST AUTHOR: Sen. Dillon

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill allows a pharmacy or pharmacist to donate medication to certain health clinics. The bill also establishes the Regional Drug Repository Program to distribute donated drugs. The bill requires a health facility to return certain unused medication to the pharmacy that dispensed the medication. It also allows a pharmacy or pharmacist to accept returned medication from a hospice program. The bill also requires the Office of Medicaid Policy and Planning to review the process of returning unused medication.

Effective Date: July 1, 2004.

Explanation of State Expenditures: This bill contains multiple provisions concerning unused medications.

The bill requires a health facility that possesses unused medication that meets the requirements of this bill to return the medication to the pharmacy that dispensed the medication. In addition, this bill requires a pharmacist to accept the returned medication. If the medication was originally paid for by Medicaid and meets the criteria established in this bill, the pharmacist is required to credit the state for the cost of the prescription drug.

This bill also allows the Board of Pharmacy to enter into a voluntary agreement with certain entities to serve as a regional drug repository. A repository may accept donated unadulterated drugs from certain entities. In addition, the repository shall redistribute drugs to nonprofit health clinics. This medication can be donated to a: (1) federally qualified health center, (2) rural health clinic, or (3) a nonprofit health clinic that meets certain guidelines. These clinics may experience reduced expenditures for medications to the extent that returned medications can be reused.

The Office of Medicaid Policy and Planning estimates the annual credit to Medicaid associated with returned

medications to be approximately \$1 M per year. State share of this amount would be about \$380,000. This bill requires that: (1) a health facility return unused prescription drugs to the originating pharmacy, (2) the pharmacy accept the returned drugs, and (3) the pharmacy credit Medicaid if Medicaid paid for the drugs. This may increase the amount of drugs returned and credited to Medicaid. The total impact is contingent upon the amount of unused prescription drugs returned that were paid for by the state Medicaid program.

Explanation of State Revenues: See *Explanation of State Expenditures*.

Explanation of Local Expenditures: See *Explanation of State Expenditures*. This bill potentially reduces clinic expenditures for prescription drugs.

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration.

Local Agencies Affected: Local health clinics.

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